

JENNIFER GRANHOLM
GOVERNOR



STATE OF MICHIGAN
LIQUOR CONTROL COMMISSION
DEPARTMENT OF LABOR & ECONOMIC GROWTH
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Ad-Tabs Licensee Alert

The Michigan Liquor Control Commission ("Commission") and the Michigan Bureau of State Lottery ("Lottery") have been involved in a lawsuit with F.A.C.E. Trading, Inc., which produces and distributes Ad-Tabs, a pull-tab type lottery game. The Commission and Lottery have always contended that Ad-Tabs are an illegal pull-tab game tantamount to a lottery contrary to the state penal code. During the court proceedings, the Commission and Lottery were prohibited by an Injunction from taking any enforcement action against retailers selling Ad-Tabs. On June 30, 2004, the Honorable James R. Giddings, Ingham County Circuit Court Judge, ruled that Ad-Tabs do constitute a lottery or a gift enterprise forbidden by Section 372(1) of the Michigan Penal Code, being MCL 436.372(1). The Michigan Court of Appeals and the Michigan Supreme Court have denied a stay of the Circuit Court ruling pending appeal. Accordingly, Judge Gidding's decision is immediately effective and the selling or possessing of Ad-Tab game pieces is illegal and subject to enforcement action.

Enforcement Action:

Based on Judge Gidding's decision, any licensee selling or possessing Ad-Tabs or any similar pull-tab lottery games not approved by the Michigan Bureau of State Lottery will be subject to enforcement action. Because of the extended time period for resolution of this matter, the Commission has determined that immediate enforcement action shall be delayed to allow for licensee notification.

Licensees of the Michigan Liquor Control Commission are hereby advised that Ad-Tabs have been ruled to be an illegal lottery or gift enterprise contrary to Michigan statute by the Ingham County Circuit Court, and therefore contrary to Commission Rule 436.1013. The Commission will allow licensees a 30-day grace period from the Supreme Court's Ruling before taking enforcement action. The Commission will begin enforcement actions on October 18, 2004. In order to comply with Michigan law:

- **Ad-Tab sales should cease immediately.**
- **All Ad-Tab game pieces must be removed from licensed premises no later than October 17, 2004.**
- **Failure to cease sales and remove all Ad-Tab tickets from licensed premises by October 17, 2004 will result in enforcement action by the Michigan Liquor Control Commission. Failure to comply with this directive may result in a fine of up to \$300 per charge, and/or license suspension, and/or license revocation.**